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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/711,124	11/10/2000	Murali Ramaswami	05250.00002	6436
28977	7590	11/26/2004	EXAMINER	
MORGAN, LEWIS & BOCKIUS LLP 1701 MARKET STREET PHILADELPHIA, PA 19103-2921			BEACH, THOMAS A	
			ART UNIT	PAPER NUMBER
			3671	

DATE MAILED: 11/26/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

09/711,124

Applicant(s)

RAMASWAMI ET AL.

Examiner

Thomas A Beach

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 09 August 2004.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-47 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-47 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 101***

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 7-12, 26, 27, 37, 38, 42 and 43 are rejected under 35 U.S.C. 101

because the claimed invention is directed to non-statutory subject matter. The claimed method of trading a portfolio by holding or shorting is non-statutory since merely enabling one to trade in order to create certain portfolios by these methods is/are abstract in of itself, thus the claims are directed to an abstract idea that is not tied to any practical application in the technological arts. (Note appendix).

### ***Claim Rejections - 35 USC § 102***

3. Claims 7-12, 26, 27, 37, 38, 42, and 43 are rejected under 35 U.S.C. 102(b) as being anticipated by Lee et al (Price Momentum and Trading Volume, dated August 29, 1999). Lee discloses the method of creating a portfolio including determining winners and losers from a group of stocks by applying a filter (pages 10-18 of 66, and figures on pages 59-61 of 66) the passes low-volume winners and high-volume losers and storing the remaining winners and losers as the portfolio from an exchange (page 4, 3<sup>rd</sup> paragraph; claims 26, 27) in which holding or shorting a particular winner or loser is disclosed since it is inherently well known in the art of trading to hold stocks long because one may predict they will rise and hold stocks since because one my predict

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they will lower in price and rebalancing the portfolio using the momentum life cycle (page 4, 3<sup>rd</sup> paragraph; claims 37, 38, 42 and 43).

Lee also shows the method of trading a portfolio with low volume winners and high volume losers by holding the low-volume winners long and holding the low-volume winners for six months (page 11, 1<sup>st</sup> paragraph; claim 8) and holding the high-volume losers short (page 11, 1<sup>st</sup> paragraph; claim 11); and rebalancing the portfolio at the end of six months (claim 9) or three months (pages 11-12; claims 10, 12).

### ***Claim Rejections - 35 USC § 103***

4. Claims 1-6, 13-25, 28-36, 39-41, and 44-47 are rejected under 35 U.S.C. 103(a) as being unpatentable over in Lee et al (Price Momentum and Trading Volume, dated August 29, 1999) view of O'Shaughnessy 6,484,151. Lee discloses the method of creating a portfolio including determining winners and losers from a group of stocks by applying a filter (pages 10-18 of 66, and figures on pages 59-61 of 66) the passes low-volume winners and high-volume losers and storing the remaining winners and losers as the portfolio from the NYSE, an exchange (page 4, 3<sup>rd</sup> paragraph; claims 2, 14, 25, 28-30). Lee fails to show using a computer or a processor with output to compile and analyze the stock data into an output or show the processor to output the command to create portfolio. However, O'Shaughnessy shows a similar computer processor utilized to compile stock data from an exchange in order to be processed into output that creates a portfolio using a computer/processor. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Lee, as

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taught by O'Shaughnessy, to perform the known portfolio analysis techniques using a computer for real time updating, cost effective transactions, monitoring and most importantly allow for execution of the portfolio created by Lee. Although Lee discloses holding or shorting a particular winner or loser using the momentum life cycle, it is inherently well known in the art of trading to hold stocks long because one may predict they will rise and hold stocks since because one may predict they will lower in price and rebalancing the portfolio (page 4, 3<sup>rd</sup> paragraph; claims 34-36, 39-41, and 44-47).

As concerns claims 3-6, 15-18, 25, 28-30, Lee shows the groups of stocks traded on an exchange are from the NYSE and AMEX (page 4, 3<sup>rd</sup> paragraph). Thus it would be obvious to one of ordinary skill in the art to utilize other well know exchanges to apply this method such as S&P 500, TOPIX, MSCI, MSCI World Basket since this only requires routine experimentation with known exchanges.

Lee also shows the method of trading a portfolio with low volume winners and high volume losers by holding the low-volume winners long and holding the low-volume winners for six months (page 11, 1<sup>st</sup> paragraph; claim 20) and holding the high-volume losers short (page 11, 1<sup>st</sup> paragraph; claim 21, 23); and rebalancing the portfolio at the end of six months (claim 21) or three months (pages 11-12; claim 22, 24).

### ***Response to Arguments***

5. Applicant's arguments filed 08/09/04 have been fully considered but are moot in view of the new grounds of rejection above.

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***Conclusion***

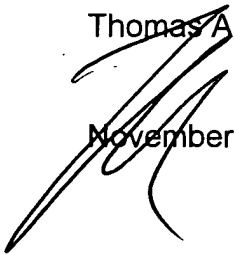
6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Thomas A Beach whose telephone number is 703.305.4848. The examiner can normally be reached on Monday-Thursday, 8:00am-6:30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Will can be reached on 703.308.3870. The fax phone numbers for the organization where this application or proceeding is assigned are 703.872.9306 or 703.872.9306 for regular communications and 703.872.9306 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703.306.4198.

Thomas A. Beach

November 23, 2004

A handwritten signature in black ink, appearing to be 'T. Beach', written over the printed name and date.

**Appendix**

**Additional Case Law**

1. A claim is limited to a practical application when the method, as claimed, produces a concrete, tangible and useful result: i.e. the method recites a step or act of producing something that is concrete, tangible and useful. See *AT&T v. Excel Communications Inc.*, 172 F.3d at 1358, 50 USPQ2d at 1452.